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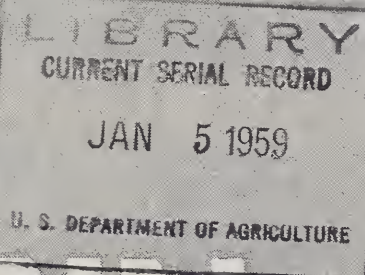
THE

Fred W. Lueder

MARKET ADMINISTRATOR

Market Administrator's

BULLETIN



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Number of Milk Cows on Farms Declined In All But Three States in Past Year

The number of milk cows on farms in the United States has declined every year since 1944, except for the slight increase from 1952 to 1953. In most years the change was moderate. The average for the period since 1944 is less than 2 percent per year. The gradual decline has been largely the result of technological innovations. To take full advantage of these innovations, most farmers must expand their capital investment. Many dairy operators apparently have alternatives which they consider superior to keeping milk cows, in view of the increased capital requirement. On the other hand, farmers who adopt the new methods and improved facilities usually keep more cows and produce more milk per farm. The net effect of these two tendencies has been a gradual year-to-year decline in total numbers of milk cows. However, fluctuations have resulted from short-term changes in economic relationships, such as the ratio of the price of milk to the price of feed concentrates, and to prices for beef cattle and hogs. Relatively high prices for milk compared with feed and meat animals helped slow down the rate of decline in milk cow numbers in late 1956 and part of 1957. But in the past 12 to 15 months the price of milk has turned downward slightly, and prices received by farmers for hogs and beef cattle rose considerably, resulting in the sharpest drop in milk cow numbers since 1948.

The rise in beef prices the past year or so has increased the carcass value of milk animals. Although the price of milk stock for strictly dairy purposes has increased, the differences between prices

paid by farmers for fresh milk cows and their value for slaughter is narrower than at any time since 1948. After allowing for the rise in the index of prices paid by farmers, the difference equals the low of 1948, and, excepting 1948 is the lowest since 1942.

In some recent years, major changes in the series apparently were closely associated with major changes in cow numbers. The drop from \$67 per head in 1947 to \$39 in 1948 was associated with a decline of 4 percent in the number of milk cows on U. S. farms January 1, 1948. From 1952 to 1953, when this difference reached the highest level in a decade, the number of milk cows turned upward for the only time since 1944. Close association at the extremes continued in the current year when the number of milk cows dropped considerably with the decline to \$39 in the deflated capitalized value. The low level of January, 1958, has continued through the first three-quarters of the year. Hence the 3.5 percent decline in number of milk cows as of mid-1958 is consistent with some of the earlier relationships at the extremes indicated here.

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MILK PRODUCTION PER COW CONTINUES STEADY INCREASE

For several decades, average production of milk per cow in the United States has increased substantially. Although the number of milk cows in 1958 is about a fourth smaller than at the peak level in 1944, total milk production this year will be 7 percent greater. In recent years, the increase in production per cow was sufficient to bring about the establishment of 5 successive record level of total milk output, even though milk cow numbers declined every year except 1953. In 1958 the rate per cow increased to about 6,280 pounds per animal, compared with 6,162 in 1957 and 6,004 pounds in 1956. Yet the increase was not quite sufficient to offset the 3½ percent reduction in cow numbers—total milk production in 1958 will fall slightly short of the 126.4 billion pounds reached in 1957.

The uptrend in output over the years has been the composite result of selecting animals of superior production potential and supplying them with increased quantities of nutrients, thus causing them to produce increased quantities of milk. Expansion in production potential has been made possible by the widespread use of artificial insemination, and of bulls with ability to transmit superior production potential to their offspring.

Increased quantities of nutrients have been supplied partly through increased quantities of grain fed per head, partly

(Continued on page four)



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Producers' Uniform Price (4%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each 1/10%	

Oct. 1958	Sept. 1958	Oct. 1957
\$4.30**	\$4.41	\$4.34*
4.66	4.79	4.695
4.420	4.472	4.519
4.020	4.072	4.119
3.920	3.972	4.019
2.894	2.968	3.096
7.2¢	7.6¢	7.1¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
" " " B.F. " " I	
" " " Milk " " II	
" " " B.F. " " II	
" " " Milk " " III	
" " " B.F. " " III	
" " " Milk " " IV	
" " " B.F. " " IV	

85.7	87.8	82.3
83.1	87.4	76.4
8.3	8.8	6.9
2.4	2.6	2.2
1.7	1.0	4.6
3.0	3.2	3.5
4.3	2.4	6.2
11.5	6.8	17.9

PRODUCTION SUMMARY

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Production per Producer	
Average Butterfat Test	
Total Value of Producer Milk at Test	
Income per Producer (7 Day Average)	

24,738,205	22,663,422	25,608,115
683,471	663,497	680,205
1,746	1,768	1,887
457	427	438
3.77	3.71	3.79
\$1,113,359.81	\$1,034,079.10	\$1,163,133.25
\$143.99	\$136.47	\$139.19

GROSS CLASS USE (Pounds)

Class I Skim	
" I B.F.	
" I Milk	
" II Skim	
" II B.F.	
" II Milk	

20,531,895	19,207,311	20,478,181
778,871	735,640	740,962
21,310,766	19,942,951	21,219,143
2,062,797	2,056,684	1,784,308
23,097	21,827	21,445
2,085,894	2,078,511	1,805,753

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

281,975	268,745	271,892
5,486	5,928	5,685
16,189	15,725	15,044
9,645	9,016	8,293
8,163	7,811	7,820

* Fall production payment 49¢ per cwt. additional

** Fall production payment 51¢ per cwt. additional

COMPARATIVE STATISTICS ★

COLUMBUS MARKETING AREA

★ **Oct., 1949-58**

Year	Receipts from Producers	Butter-Average fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1949.....	16,386,781	4.24	79.2	7.5	5.2	8.1	4.02	4.110	3.86	3.71	3.257	2,394	221
1950.....	17,701,263	4.12	78.5	17.8	3.7	—	4.11	4.20	3.80	3.124	—	2,145	266
1951.....	16,537,716	4.12	86.6	11.3	2.1	—	4.78	4.835	4.434	3.659	—	2,111	253
1952.....	17,480,900	4.14	84.8	13.4	1.8	—	5.22	5.292	4.892	3.843	—	2,200	256
1953.....	20,252,601	4.04	83.5	13.5	3.0	—	4.78	4.862	4.462	3.562	—	2,234	292
1954.....	21,943,122	3.96	81.8	8.1	6.1	4.0	4.42	4.558	4.158	4.158	3.222	2,186	324
1955.....	23,391,897	3.90	80.6	8.0	7.3	4.1	4.40	4.516	4.116	4.116	3.18	2,091	361
1956.....	23,321,443	3.81	82.7	8.6	4.7	4.0	4.47	4.607	4.207	4.207	3.271	2,020	388
1957.....	25,608,115	3.79	82.3	6.9	4.6	6.2	4.34	4.519	4.119	4.019	3.096	1,887	438
1958.....	24,738,205	3.77	85.7	8.3	1.7	4.3	4.30	4.420	4.020	3.920	2.894	1,746	457

Production Conditions Favorable For Continued Large Milk Output

Production of milk in the United States, after establishing five consecutive records from 1953 through 1957, declined slightly in 1958. A review of the conditions that brought about the halt in trend in total milk output in the past year provides a basis for considering the outlook for 1959 and beyond.

The level of milk production for the country as a whole is influenced by developments in some farm enterprises that are alternatives to dairying, as well as by changes in the price-cost situation for the dairy enterprise. With abundant supplies of feed grains and record quantities of roughages, including pastures, prices received by farmers for milk products have been well above average in relation to feed prices throughout the past year. Part of the time this relationship has been well above a year earlier, and the most favorable since World War II or earlier. Among the factors influencing milk output, the largest change in the past year was in prices for beef cattle and for hogs. With abundant roughages the country over, farmers retained on farms during the past year more beef-type animals than appeared likely that they would in the autumn of 1957. Moreover, despite a record supply of corn and a very favorable hog-corn price relationship, farrowings of hogs were increased comparatively little in the fall of 1957 and the spring of 1958. As a result, market supplies of both these species was much below the level which appeared likely a year ago. This led to higher prices to farmers for both beef cattle and hogs.

Higher prices for cattle for slaughtering affected dairy farming in two ways: Farmers who previously were considering shifting from the dairy enterprise to meat animal production were motivated to make the shift during the past year. This helped to account for bigger declines than in other recent years in the number of farms which keep milk cows. Secondly, relatively higher prices for beef encourages closer culling of cows in dairy herds. As a result the increase in size of herds for those farms which continued to produce milk was not sufficient to offset the reduction in number of farms with milk cows. In mid-1958, the total number of milk cows on farms was lower than a year earlier by 3.5 percent. Reductions were particularly large in a number of the States in the Plains and in both the Western and Eastern Corn Belt States.

Cash receipts from the sale of milk products for the country as a whole declined slightly in 1958 from 1957. However, the number of farmers selling milk was smaller and the average quantity sold per farm was larger than in 1957. Hence cash receipts per farm, producing milk showed a slight increase over 1957.

Decrease in Use of Milk on Farms Also Contributes to Increased Commercial Supply of Milk Products

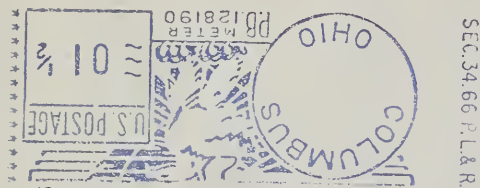
The quantity of milk used on farms has been declining steadily since the mid-1930's, when the farm population was at its peak. This decline has come as a result of the reduction in farm population, taking 5 billion pounds less milk for fluid use than in the mid-1930's (a decline of between 40 and 50 percent), and a decline in use of farm-made butter. The quantity of milk used for making butter for consumption in households of milk producers has dropped from over 10 billion pounds a year in the mid-30's to less than 3 billion pounds today. Farmers in 1958 are using in their households, or feeding to calves, only about a tenth of the quantity of milk produced, compared with a fourth or more in the late 1920's and early 1930's. To put it another way, farmers in 1958 sold about 90 percent of the milk they produced, compared with around 75 percent in the late 1920's and early 1930's.

Another development which has increased the commercial supply of milk production has been the shift from the sale of farm-separated cream to whole milk. As late as 1934, as much milk was sold in the form of farm-separated cream as in whole milk for all purposes, both fluid and manufacturing. From 1934 to 1958 sales of whole milk have tripled, while sale of farm-separated cream is now only about a third of the quantity sold in 1934. A progressively greater proportion of the skim milk produced has

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Milk Production Per Cow (Continued from page one)

through increased quantities, and improved qualities, of roughages. Over a ten-year period ending 1956 it appears from data collected from farmers that the increase in quantity of concentrates fed per cow has been sufficient to account for nearly 2/3 of the gain in output of milk per cow from the larger cow. The remaining third was supplied largely through roughages — harvested roughages or pasture — though many farmers during the last decade have substituted increased feeding of hay and silage for pasture feeding.

The prevailing level of milk output per cow in the United States is less than 6,300 pounds. This is considerably below the upper production levels already widely obtained. A significant number of commercial dairy herds within Dairy Herd Improvement Associations now produce an average of more than 15,000 pounds of milk per cow. In 1957, average production for all cows within D.H.I.A. was over 9,000 pounds, roughly 50 percent above the U. S. average for all cows. Nevertheless, annual rate of increase for D.H.I.A. cows has been nearly as high as for the average for all cows in the country, and higher than the average for a number of States. These comparisons are even more convincing, in that there has been a steady rise in herd enrollments within the D.H.I.A. program. Most of the herds added would be expected to have a lower rate per cow than those already enrolled.

Market Quotations

	Oct. 1958
12 MIDWEST CONDENSERIES 3.5% per Cwt.	\$3.040
5 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.922
5 CONDENSERIES (North Central Ohio) 3.5% per Cwt.	2.965
2 CONDENSERIES (Toledo) 3.5% per Cwt.	2.862
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	3.000
Evaporated Milk Code Price, 3.5% per Cwt.	2.786
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	3.0179
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.016
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.040
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo-Tri-State)	2.914
Average Weekly Cheddars price per lb.3270
Average price per lb. non-fat dry milk solids, roller process delivered Chicago1360
Average price per lb. 92-score butter at Chicago58364
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant12685

Number of Milk Cows Decline

(Continued from page one)

Through much of the period since 1944, declines in numbers of milk cows were most persistent in the Midwest, and increases frequently occurred on the East and West Coasts and in some southern States. But as of mid-1958 declines occurred in almost every State — only North Carolina, Florida and Arizona showed increases. The general pattern of change, however, continued somewhat parallel to earlier years. The West North Central States and South Central States both declined 5 percent. The East North Central States declined 3 percent; North Atlantic States 2 percent; South Atlantic and Western States between 1 and 2 percent.

The persistent tendency for greater

declines in the Midwest and Southwest since 1944 has led to a substantially different pattern of milk cow population in the present period from that of 14 years ago. As of mid-1958, the U. S. number was down 23 percent, but the number in the West North Central States was down 33 percent, in the South Central States 32 percent, in the East North Central 21 percent, in the Western States 15 percent, and in the Atlantic Coastal area 7 percent. This change in regional pattern is associated with the decline in relative proportion of milk used for making butter and the increased demand for fluid milk by rising population on the two coasts. In the last few years butter production has leveled off, but regional shifts in pattern of human population probably will continue for some time.